

**Assessment of USAID's JOBS  
Program in Bangladesh within the  
Context of the Market Development Approach**

Submitted to:  
**Jeanne Downing, Senior BDS Advisor  
USAID Office of Microenterprise Development  
1300 Pennsylvania Ave., NW  
Washington, DC 20523**

**May 2002**

**by:**

**David Knopp  
Deloitte Touche Tohmatsu Emerging Markets**

**for:**



**WEIDEMANN ASSOCIATES, INC.**  
Partnership. Stewardship. Service

933 N. Kenmore Street, Suite 405  
Arlington, Virginia 22201 USA  
E-mail: WeidAssoc@aol.com Tel: (703) 522-3075; Facsimile: (703) 525-6169  
Internet: [www.weidemann.org](http://www.weidemann.org)

Under the Weidemann MicroServe IQC  
Mr. Marty Hanratty, COTR, USAID/G/EG/MD  
Contract # PCE-0406-I-00-6012-00  
Delivery Order No. 5



## Table of Contents

Acknowledgements	iv
Acronyms	v
<b>Introduction</b>	<b>1</b>
Scope of Work	1
Bangladesh Context	1
JOBS Project Overview	2
The BDS Market Development Framework	3
Organization of the Report	4
<b>Micro Enterprise Development Program</b>	<b>4</b>
Current Activities and JOBS Rationale	4
Intervention Risks	8
Intervention Opportunities	9
Recommendations for Long-Term Strategy	10
<b>Micro Policy / Marketing Linkage Program</b>	<b>12</b>
Current Activities and JOBS Rationale	12
Intervention Risks	16
Intervention Opportunities	17
Recommendations for Long-Term Strategy	19
<b>Small and Medium Enterprise Development Component</b>	<b>21</b>
Current Activities and JOBS Rationale	21
Intervention Risks	23
Intervention Opportunities	24
Recommendations for Long-Term Strategy	25
<b>Conclusions</b>	<b>27</b>
JOBS and the Application of BDS Market Development Principles	27
<b>Annexes</b>	<b>29</b>
A    Individuals Contacted During Field Assessment	
B    Key References	



## Acknowledgements

The following assessment is based upon an intensive 12-day field visit that would not have been possible without significant support and assistance of others. The author would like to thank Jeanne Downing (USAID/OMD), Allen Fleming (USAID/OMD), and Dewan Alamgir (USAID/OMD) for technical and logistical support. The collaboration, patience, and assistance from JOBS Project Staff, particularly Reid Lohr, Imran Shauket, Altaf Hossain, Asif Ahmed, and Zaman Khan was also invaluable.

Finally, the author is grateful for the intellectual and technical guidance from Michael Field (USAID/OMD), as well as his contributions provided throughout the assessment.



## Acronyms

ATDP-II	Agro-based Industries and Technology Development Project-II
BDS	Business Development Services
CEFE	Competency-Based Economy Through Formation of Enterprises
CDS	Center for Development Services
DFID	Department for International Development
EDBM	Enterprise Development and Business Management
EDFC	Enterprise Development Forum of Chittagong
EDT	Enterprise Development Training
EDW	Enterprise Development Worker
FDDI	Footwear Design and Development Institute
GDP	Gross Domestic Product
GOB	Government of Bangladesh
GTZ	German Technical Assistance Agency
ILO	International Labor Organization
JOBS	Job Opportunities and Business Support
ME	Micro Enterprise
MED	Micro Enterprise Development
MFI	Microfinance Institution
PKSF	Palli Karma Sahayak Foundation
NGO	Non-Government Organization
SIBL	Social Investment Bank Limited
SME	Small and Medium Enterprise
SMME	Small, Medium, and Micro Enterprises
SSS	Society for Social Services
Tk.	Taka (US\$1: Tk. 57)
TMSS	Thengamara Mohila Sabuj Shanga
TOT	training-of-trainers



# INTRODUCTION

## Scope of Work

The purpose of this assessment was to conduct an evaluation of the Microenterprise Development, Micro-Policy and Marketing, and SME Development components of the JOBS Project from a BDS market development perspective. Although JOBS commenced well before any widespread discussion surrounding BDS market facilitation, several activities were initiated through the Project that may inform current thinking regarding subsector-based microenterprise development. Specifically, the scope of work was designed to assess to what extent is the JOBS Project following BDS market development principles, and what may be learned from JOBS private sector development successes and failures? Finally, does JOBS offer a model or parts of a model to those wanting to know “how to develop BDS markets,” and to what extent may this contribute to a follow-on BDS strategy for USAID/Bangladesh?<sup>1</sup>

In support of this objective, one consultant and one BDS specialist from USAID/OMD conducted an assessment of the JOBS Project in a two phased-approach: 1) a brief home office desktop review of project reports; and 2) a 12 day site visit, which included in-depth meetings with JOBS project staff, USAID/Bangladesh, ME and SME clients, NGO/MFI stakeholders, and other donors. Activities included direct interviews, field meetings, and focus group discussions in Dhaka, Chittagong, Tangail, and Bogra.<sup>2</sup>

## Bangladesh Context

Bangladesh represents a challenging context for development. Comprising an area of 144,000 sq. km. (approximately the size of Wisconsin), Bangladesh has a population of almost 130 million (almost half the population of the United States).<sup>3</sup> Over 45 percent of the population lives in poverty, with about 2 million people entering the labor force annually. Agriculture accounts for 58 percent of employment, industry 16 percent, and services 26 percent. The limited absorptive capacity in the agricultural sector and the lack of diversity in other industries poses a major problem for productive employment. Moreover, the agriculture-based economy renders the country vulnerable to devastating natural disasters such as floods and river erosion during the monsoon rainfall.<sup>4</sup>

Foreign direct investment has declined over recent years, from \$249 million in FY’98, to \$198 million in FY’99, and \$194 million in FY’00.<sup>5</sup> GDP growth was 5.9 percent in FY’00, reflecting an increase from 4.9 percent in 1999. Bangladesh has a limited diversity in exports, presenting a challenge for the government. In 2000, it was estimated that raw jute comprised of US\$71 million in total exports, or less than 2 percent of total exports. Leather and leather products comprised of US\$194 million, or 3.3 percent, and manufactured goods was US\$5,137 million, or 89 percent of total exports.<sup>6</sup> The Multifibre Agreement, which shields Bangladesh’s export of

---

<sup>1</sup> Scope of Work, “Assessing USAID’s JOBS Program in Bangladesh within the Context of the Market Development Approach,” subcontract task order under Project Number 940-0406-669-2018 Microserve, April 2002.

<sup>2</sup> A list of individuals contacted during the field assessment can be found in Annex A

<sup>3</sup> U.S. Department of State, Background Notes: Bangladesh, February 2000, page 1.

<sup>4</sup> Bangladesh Country Economic Review, Asian Development Bank, December 2000, page 6.

<sup>5</sup> Ibid, page 7.

<sup>6</sup> The World Bank Group, World Development Indicators Database, April 2002.

garments and apparel from external competition in the quota markets, is due to end in early 2005.<sup>7</sup>

The history of intense donor presence in Bangladesh has resulted in a complex environment which has conditioned both public and private sector actors. Particularly prominent are the NGO/MFI's which have extended beyond financial services to include "holistic development" activities, including education and training, health care, community organization, and family planning. The size and outreach of such networks are extensive. Grameen Bank provides services to over 40,000 villages, covering over half of all villages in Bangladesh. The Bangladesh Rural Advancement Committee provides loans to over 3 million clients, with an annual budget over US\$130 million.

## **JOBS Project Overview**

The IRIS Center at the University of Maryland initiated the \$10 million JOBS Project in September 1997. The 5-year project aims to create sustainable wage-based employment, for Small, Medium and Micro Enterprises (SMMEs) through a range of technical assistance, marketing, networking, support services, and policy initiatives. This focus on job creation and enterprise growth is responsive to USAID Strategic Objective 5 "Growth of agribusiness and small business." To meet these objectives, the JOBS Project is divided into four principal components:

1. *Micro Enterprise Development (MED) Program* – facilitates ME development through working directly with select NGO/MFIs to deliver needed training and technical assistance to member micro enterprises. The rationale follows a holistic approach, whereby a combination of access to credit, training, and marketing assistance is provided to "mainstream" micro enterprises into the formal economy. JOBS follows a standardized methodology, in which NGO/MFI stakeholders assist in the identification and selection of potential producer associations of like-minded MEs. JOBS then builds the capacity of partner NGO/MFIs to deliver basic management and advanced business training modules through a training of trainers program. Comprehensive training, skills development, and marketing assistance is then provided to the business associations by the NGO/MFIs, with periodic oversight by JOBS. It is envisioned that as the capacity of NGO/MFIs are developed to deliver JOBS training, they will also transition into BDS providers.
2. *Micro Policy/Marketing Linkage Program* – focuses on the expansion and growth of MEs through the facilitation of producer associations and market linkage development. Similar to the MED Program, significant emphasis is placed on strengthening the institutional capacity of respective NGO/MFIs to deliver technical assistance to producer associations in the form of training, marketing, and human resource development. The collective marketing approach of this component has been recently extended to development of the Enterprise Development Forum of Chittagong (EDFC), as a means of ensuring continued support to ME growth and expansion. The Micro-Policy Component has also collaborated with associations and business linkages outside of the traditional

---

<sup>7</sup> Bangladesh Country Economic Review, Asian Development Bank, December 2000, page ii.



NGO/MFI network through Milk Vita as well as agro-based producers, such as the Modhupur Pineapple Growers Association. Such activities have been supported through a Loan Facilitation Program which the Program has developed with three commercial banks.

3. *Small and Medium Enterprise Development (SME)* – focuses on the development of emerging export sectors (footwear, home and clothing textile, electrical, leather goods, handicrafts) and the cultivation of regional, national and global markets for these sectors. JOBS facilitates customized training and technical assistance for different level SMEs, as well as design and marketing interventions as needed. This includes assistance in developing forward and backward linkages at different levels of the supply chain, as well as promotion of the industry in external markets through participation in international trade fairs. The SME Component represents the most commercially-oriented activity within the JOBS Project.
4. *Macro Policy and Marketing Component* – targets policy and practice changes that enable SMEs to operate in an environment more favorable to economic growth and activity. The Macro Policy Programs under JOBS have been fairly widespread, including the development of an Information Technology Act, Collateral Registry for financial institutions, and drafting of a Secured Transaction Law, which will provide greater opportunity to lend moveable assets.

## The BDS Market Development Framework

Much confusion has arisen regarding the BDS Market Development Framework. In the struggle to appear responsive to contemporary best practice, donor practitioners have hurried to label BDS activities as “sustainable” or “demand-driven,” without a full understanding of market dynamics. Terms such as “facilitator” and “provider” are frequently muddled, as the end objective - commercial transactions between suppliers and consumers – is often overlooked. However, markets are dynamic, and methodologies and approaches for BDS intervention are constantly evolving. Rather than a prescriptive methodology, a systems perspective is necessary that recognizes the complexities related to the market and environment.<sup>8</sup>

In this respect, Bangladesh represents a confused and distorted environment for BDS market intervention. The history of Grameen, coupled with a large donor presence and NGO sector has significantly affected both public and private sector orientation. As the JOBS Assessment was tasked to evaluate program activities from a BDS market development perspective, it is first necessary to reinforce a few essential tenets of this approach:

- *Facilitators have a specific focus on market development* - BDS facilitators work through a combination of demand- and supply-side interventions to incentivize commercial transactions between providers and consumers. Blending the role of provider and facilitator is distortionary. At times, direct technical assistance is necessary, however such intervention must be met with a clearly defined exit strategy.

---

<sup>8</sup> Knopp, David. “The Brave New World of Business Development Services,” in *Developing Alternatives*, 7:1 Bethesda, MD. Spring 2001.





- *BDS providers are strategic and business-like* - Successful BDS providers typically focus on a limited range of core services. BDS providers act as commercial market players rather than charitable organizations, and cover the costs of their services through their revenues.
- *BDS facilitation programs are open to all market players* – BDS facilitation programs are designed to increase or facilitate a competitive service environment. Interventions should allow access to any BDS provider to compete for capacity-building and incentive opportunities. Building the capacity of only a few select providers leads to market distortion.
- *Transaction-based subsidies are distortionary* – Subsidies applied at the level of the BDS transaction serve to crowd out the commercial provision of services. To minimize distortion, subsidies must be time-bound, and preferably focus at either the pre- or post-transaction level.<sup>9</sup>

More recently, discussion among donors has arisen regarding the importance of cross-cutting services vs. product markets. While a functioning BDS market includes a wide range of business services, targeting efforts around specific product markets (or sub-sectors) of high growth potential may better leverage existing resources, and result in increased opportunities for sustainability, outreach, and impact.<sup>10</sup>

## Organization of the Report

Given this perspective, to what extent has the JOBS Project embraced market development principles, and what may be learned from their experience? This report is organized based upon the structure of JOBS core activities: 1) Micro Enterprise Development (MED) Program; 2) Micro Policy/Marketing Linkage Program; and 3) Small and Medium Enterprise (SME) Program.<sup>11</sup> Each section will highlight activities of particular relevance for BDS, such as producer associations and subsector-based development, backward linkages and embedded services, NGO strengthening and the bundling of business and microfinance services, and training and skills development. The risks, opportunities, and recommendations for both JOBS as well as future USAID strategy will be presented. Finally, the report concludes with a discussion of JOBS and the application of market development principles.

## MICRO ENTERPRISE DEVELOPMENT (MED) PROGRAM

### Current Activities and JOBS Rationale

The MED Program follows a standardized development model that targets capacity building of NGO/MFIs as business service providers. In this model, NGO/MFIs are viewed as the “direct customers” of program intervention, and are provided assistance through JOBS in an eight-step strategy to link MEs into the formal economy. (see text box)

<sup>9</sup> Committee of Donor Agencies for Small Enterprise Development, *Business Development Services for Small Enterprises: Guiding Principles for Donor Intervention*, 2001 edition, Washington, February 2001.

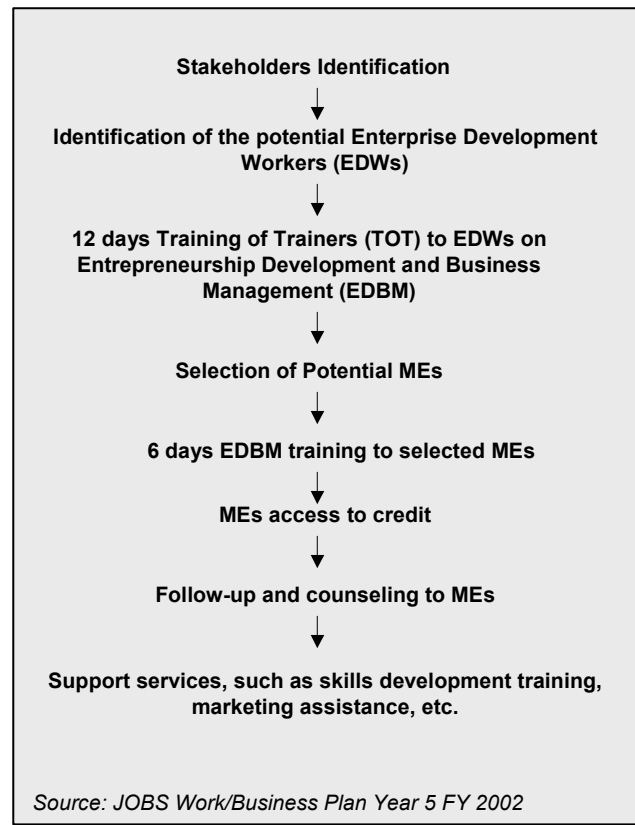
<sup>10</sup> Lusby, Frank. “Subsector Approach to Enterprise Development,” *Action for Enterprise*, August 1999.

<sup>11</sup> The JOBS Policy Unit activities are not a direct focus for purposes of this assessment.



JOBS has made a conscious decision to work exclusively with NGO/MFIs, based upon their outreach and network among micro industries throughout the country, as well as their already established relationships in providing (financial) services to this particular client base. It was envisioned that the NGO/MFIs knowledge of their clients, and experience with the group lending methodology, would assist in the identification of potential growth MEs, as well as the formation of groups into producer associations. Furthermore, rather than devoting additional resources to the development of new providers, JOBS was seeking to build upon an existing network in which project costs could be leveraged, with an end objective of developing provider sustainability and lasting impact.

Currently JOBS is partnering with four stakeholders (NGO/MFIs) for MED program activity. These include Buro Tangail, Society for Social Services (SSS), Center for Development Services (CDS), and Thengamara Mohila Sabuj Shanga (TMSS). JOBS works in collaboration with the NGO/MFIs in the selection and formation of business association participants. Between 15-25 MEs typically comprise a producer association, which is directly linked with a JOBS stakeholder, and bound through common products as well as geographic location. JOBS requires selected business association participants as “ready for graduation,” meaning the enterprise value is worth over at least Tk. 10,000, and the ME has a realistic expectation and desire to expand the business. Additional selection criteria requires that participants are 100 percent production oriented; willing and interested in receiving EDT and skill development training; are of at least 20 years of age; able to meet at least twice in a month; and eager to become a member of the association.



### JOBS-assisted NGO/MFIs – Profiles of Two Partner Institutions

TMSS and Buro Tangail are two NGO/MFIs that have partnered with JOBS as stakeholders and “BDS providers.” In order to better understand the challenges and opportunities in this approach, an overview of each organization is helpful:

***Thengamara Mohila Sabuj Sangha (TMSS)*** – Is a large, national-level nongovernmental women’s organization based in Bogra. The goal of TMSS is to “uplift the socio-economic condition of the neglected women of the rural areas by applying their decisions for their own development.” This goal is achieved through social and humanitarian activities, including family planning, health, human rights, skills development, income generation activities, and provision of micro-credit. At present, TMSS is working in 2726 Villages and 388 Unions of 94 Thanas under 19 Districts (16 Districts under Rajshahi Division and 3 Districts under Dhaka Division). A total of 400,000 beneficiaries are included under 29 categories of projects, which is administered through a network system of 104 branch offices, 18 area offices, and 6 zonal offices. The administrative structure includes 1,829 staff and 3,000 “paid” volunteers. TMSS covers 45 percent of operating costs through income generation activities and member savings, with the additional 55 percent from international donor and GOB funds.

Over the past two years, TMSS has expanded operations with support from GTZ for the development of a Business Development Center. To date, 11 courses have been developed based upon the CEFE methodology, with GTZ providing ongoing skills development and technical assistance. The primary clients of the BDS are TMSS members, as training typically normally precedes loan disbursement. Currently TMSS typically charges 500 taka per participant for a business management course that costs 1,500 – 2,000 taka to the organization. The BDC estimates that within three years client co-pay will be increased to 50%.

***Buro Tangail*** – Previously known as the Bangladesh Unemployed Rehabilitation Organization (BURO), Buro Tangail was transformed in 1990 into a non-governmental microfinance institution through a project implemented by PACT. The current operational area includes 2025 villages under 33 Thanas and 9 districts. The organization consists of 96,537 clients, of which 99.8 percent are female. The total number of administration staff is 660. As of December 2001, Buro Tangail was operating at a net surplus from operations of 13,415,140 taka. The organization appears to be covering all costs from earnings, however foreign donations have not been fully detailed in the income and expenditure statement. (The organization has received assistance through SDC, SIDA, DFID, and USAID, among others.) Buro Tangail also provides services in disaster management, human resources development, institutional capacity building, and domestic resources mobilization.

Buro Tangail has recently revised its mission statement to incorporate BDS as a principal service of their microfinance institution. For the past two years Buro Tangail has provided BDS free of charge to clients. As members reach the 10-15,000 taka size loan, members are selected for training, which is viewed as a prerequisite by the NGO/MFI for increased financing. Buro Tangail plans to eventually open a separate business services institution, however has not conducted any analysis regarding training and improved portfolio performance as a cost relative to the overall loan portfolio.

Once the producer associations are identified, JOBS provides technical assistance in formation of the executive committee, as well as the necessary legal documentation. This is followed by a JOBS-conducted needs assessment of each producer association, typically carried out by Project staff in collaboration with the stakeholder institution.

The primary thrust of the MED Program is the provision of two resource-based training modules to producer association MEs: 1) basic management training through the Enterprise Development and Business Management Module (EDBM); and 2) advanced business training through the Enterprise Development Training (EDT) module. EDBM is comprised of basic business skills training such as accounting and management, whereas EDT assumes more sophisticated topics such as developing alternative market linkages, facilitating business transactions, and managing



the production strategy as well as quality control. The EDBM and EDT training modules are delivered over 6 and 7 day periods respectively.

To facilitate delivery, JOBS provides intensive (12 days for EDBM and 13 days for EDT) training of trainers courses to NGO/MFI staff, referred to as Enterprise Development Workers (EDWs). EDWs are typically loan officers or human resource staff based within the stakeholder institution, that in turn provide the training directly to MEs in the field. Through the development of EDWs, JOBS works to leverage project resources and maximize impact and sustainability at the local level. Since project inception, JOBS has provided the EDBM and EDT training of trainers to over 600 EDWs, which has resulted in over 25,000 MEs receiving direct training in the field.

Once training is provided to a producer association, the stakeholder NGO/MFI typically provides credit assistance to members. The rationale is that an integrated approach including business skills, access to credit, and marketing assistance is essential to mainstream MEs. JOBS also complements the credit assistance by facilitating linkages for institutional loans from commercial banks. Marketing facilitation is provided through both stakeholder and JOBS assistance. Producer groups participate in local trade fairs and exhibitions co-sponsored by the Project. At the same time, NGO/MFIs serve as the middleman, or market broker for individual groups.

#### **Facilitating Market Access Through NGO/MFI Stakeholders**

In addition to microcredit and skills development, participating NGO/MFIs have also provided marketing assistance to JOBS-assisted producer associations. Following are two examples:

- The “Bagra Colony” is a women’s handicrafts producer association that was established in September 2001 through JOBS assistance. The 25 member group has received both EDBM and skills training from TMSS, as well as credit averaging 10,000 – 15,000 taka per individual. Within this relationship, all products produced are sold exclusively to TMSS, who in turn serves as the market broker, selling 70 percent in the retail and 30 percent in the wholesale market. Quality control, price setting, and market intermediation is conducted by TMSS. When interviewed, MEs noted that each member has on average increased income by 1,000 taka per month since they began producing as a collective group through JOBS assistance.
- The “Achal Association” is a 25 member women’s garment weaving association that was formed 9 months ago through JOBS assistance. Through Buro Tangail, the producer group has received credit, EDBM, EDT, and skills training. The loan sizes disbursed among the association are impressive, averaging about 75,000 taka per member. Indirect employment through the producer group totals 75, and the members have expanded their capacity to produce 30-50 child garments per day (vs. previously 20-25 per day). Buro Tangail facilitated the initial market linkages within Tangail, and the group currently produces directly for 10 local wholesale buyers. Two of the women garment producers have been selected by the group to serve as market brokers. When interviewed, members expressed interest in expanding market outreach, however did not know the best way of penetrating other markets such as Dhaka. Members remarked that they would pay for a market broker service if it could meet this need. Further training in skills development was also expressed. The association would like to diversify into block print and batik for higher market value.

In addition to direct assistance to partner NGO/MFIs, JOBS has also recently pursued commercial opportunities with apex institutions for the delivery of EDBM and EDT training. Within the past couple months, JOBS has been contracted by PKSf, the largest microfinance



institute in Bangladesh, to deliver the 13-day TOT course on Enterprise Development Training to 25 participants from 14 partner NGO/MFIs at commercial rates.

## **Intervention Risks**

The utilization of NGO/MFIs as both credit and BDS providers (also known as “bundling”) has been tested in numerous development programs worldwide. The rationale for such activity is that such institutions share an unmatched knowledge of poor, rural-based microentrepreneurs which lie outside of the typical BDS market, and that based upon their already established network, are able to deliver business services most efficiently and effectively.

This is not an optimal approach from a BDS market development perspective for several reasons. First, many MFIs are limited to a particular target group, typically defined by gender, ethnicity, income level, or geographic location. This inherently places a control on outreach and market penetration, and often does not lead to market demand. Secondly, business services are normally provided by a loan officer or staff member of the MFI, with either implicit or explicit links made between BDS and the provision of credit. This makes it difficult to measure demand, or gauge the commercial viability of a service. Thirdly, NGO/MFIs have a service bias that is based upon high volume and low margins. Therefore business services are normally limited to standardized training, which is a packaged, pre-determined product that is not necessarily demand-driven. Lastly, MFIs typically cross-fund BDS-related activities from either in-house or donor resources. Without a clear business-like approach to the investment and expenditure of resources to deliver non-financial services, BDS quickly translates into short-term welfare for their clients.

JOBS faces similar mixed messages in their methodology with partner NGO/MFIs. The holistic development approach follows a standardized formula of providing training, credit, and marketing assistance to mainstream MEs. In this context, BDS is seen as a blanket development solution, vs. a targeted service to overcome a specific market constraint. It is unclear whether partnered NGO/MFIs are genuinely interested in providing BDS as a commercial service, or as merely a means of capturing additional donor support. Competition between NGO/MFIs in Bangladesh has become intense, and the need to innovate and expand services is seen as essential for survival. From the NGO/MFI perspective, the rationale for expanding into BDS is two-fold: 1) provision of BDS for member clients will allow them to handle greater loans; and 2) BDS serves as another means for the NGO/MFI to make money, capture donor funding, and ensure institutional sustainability.

The social orientation of partner NGO/MFIs conflicts with the business-like approach to BDS market development. This results in mixed messages from the provider, which has a direct effect on the operational culture and business mindset of client MEs. Rather than seen as an investment to grow the business, BDS is provided as a public good. This confuses MEs as they fail to learn commercial responsibilities, as well as the importance of operating as a private sector actor. During JOBS Assessment field meetings, executive staff of TMSS argued that subsidized services were not only justified, but essential given the fact that GOB extension services are already available free of charge. This is a common response for subsidy justification, and confuses BDS with social protection. Such a response fails to address other



constraints such as service offering, packaging of service, and the associated price-value link applied by a consumer.

Among the three large NGO/MFIs interviewed during the JOBS assessment (TMSS, Buro Tangail, SSS), each made a direct link between the provision of EDBM training and increased access to credit. Once a microentrepreneur was selected to participate in the training module, he/she typically was offered a larger loan, often in excess of Tk. 10,000 from the previous amount. Additionally, training was either provided free of charge or required a symbolic co-payment. Training that selects clients, is offered with minimal cost-sharing, and that ties participation to credit is distortionary at the transactional level.

It is important to ask, what would be the demand or success in organizing producer associations without the lure of subsidized credit and training? How has the NGO/MFI approach affected the socio-economic culture among producers at the village level? During an interview with the Achal Association, it was remarked by a member that “If you (referring to the NGO/MFI as well as donor) are going to offer me additional credit, it is your responsibility to offer me training so that I learn how to handle the extra money. If you are going to offer me both further training and credit, it is your responsibility to find additional markets for my goods.” This expectation among MEs indicates a confusion between the need to acquire a specific BDS vs. social protection.

### **Intervention Opportunities**

Typically, transferring the concept of collective organization and business linkages among microentrepreneurs has been a challenge for development practitioners. Suspicion and competition often override a larger strategic market development outlook. JOBS has not experienced difficulty in this area, and has identified and organized over 70 ME business associations to date. It is not clear whether this is a result of the NGO/MFI group lending methodology, or an entrenched culture of village-based farming, or inter-firm collaboration. This presents an interesting model for development practitioners, whereby donor resources in cluster-oriented production activities may be leveraged through microfinance client networks. The challenge however for donors will be to build upon this outreach, while structuring interventions apart from credit incentives.

General business training is typically a difficult service to commercialize. However, JOBS has developed significant material in entrepreneurship and business development. The opportunity exists to truly gauge market demand for the training modules by making them commercially available on a wider scale, in which any provider may purchase and tailor the service offering in response to consumer demand. From that perspective, EDBM and EDT training can be actually tested in the market to see if it has a genuine wholesale or retail value.

Finally, as evidenced with producer associations, greater market access has been achieved through JOBS, and interest has been expressed by MEs in acquiring both additional technical skills as well as market access. An opportunity exists to make available other types of BDS to these groups, and match growing demand with targeted, practical, and results-oriented services.



## Recommendations for Long-Term Strategy

Based upon this assessment, the following recommendations are offered for both a JOBS extension year as well as follow on strategy for USAID/Bangladesh:

1. *Discontinue exclusive partnering and direct institutional support to JOBS-assisted NGO/MFIs, and provide TOT and training products to any organization or BDS provider willing to pay full cost recovery for the service* - Current operations has JOBS partnered with four select NGO/MFIs to deliver EDBM training. The provider-centric approach of picking winners serves to crowd out the development of other commercial players, and has distortionary effects on BDS market development. Under the extension period, it is recommended that JOBS discontinue the exclusive focus on building the capacity of select NGO/MFIs, and broaden the concept of BDS provider. As market constraints are identified by producer associations, JOBS may promote an expanded portfolio of service providers through open or competitive tenders. This process is commercially-oriented, provides access for other types of service providers, and facilitates competition for specialized services that address specific market constraints.

JOBS has also invested significant resources in developing business management training modules for rural MEs. Rather than provide these products and TOT exclusively to a limited number of NGO/MFIs, JOBS should make available the training products on the commercial, wholesale market. Any business service provider that is interested in the products may purchase at full cost-recovery rates for JOBS. By requiring full payment, providers are forced to package and sell their services with a business-like perspective.

2. *Develop the role of NGO/MFIs as information disseminators or brokers of BDS* – As discussed, the NGO/MFI rural, grassroots network is unmatched in Bangladesh, and provides such institutions a unique perspective on the needs and constraints faced by their clients. JOBS can leverage this outreach, and facilitate BDS market development by building the information dissemination or broker role of NGO/MFIs. One option is to develop a roster of fee-based service providers, which NGO/MFIs may provide to their client MEs. Similarly, NGO/MFIs can assemble and congregate a training opportunity for their members, or establish referral structures where private, commercial providers pay the NGO/MFIs “broker fees” for a business service opportunity. Building the capacity of NGO/MFIs as BDS brokers (vs. providers) provides producer groups with a greater access to specialized, niche providers, and serves an important market facilitation link.
3. *Assist NGO/MFIs in commercialization of microfinance operations, and conduct cost-benefit analyses of the impact of BDS delivery on loan portfolio* - The concept of bundling microfinance and BDS raises questions regarding incentive structures and sustainability. From the perspective of BDS market development, these institutions are already “overloaded” in terms of products and services, which presents fundamental strains on costs and operations.<sup>12</sup> An organization such as TMSS will never fully recover

---

<sup>12</sup> For a full discussion of this term, see Gibson, Alan, et al. “BDS Market Development: A Guide for Agencies on the Emerging Market Development Approach to Business Development Services.” United States Agency for International Development Microenterprise Best



operational costs, much less provide BDS on a profitable basis. However, NGO/MFIs such as Buro Tangail are already covering their costs from lending operations. Although not within the scope of JOBS and the BDS assessment, a strategic opportunity exists for USAID to leverage the NGO/MFI network among the rural poor, and assist in the commercialization of microfinance operations.

Should NGO/MFIs be interested in developing a commercial unit to deliver BDS separate from its lending operations, JOBS can conduct a cost-benefit analysis with them on the viability of doing so. This will provide NGO/MFIs a better picture of what is meant by institutional sustainability, as well as how services must be packaged and sold. Such assistance from JOBS will provide NGO/MFIs improved understanding of the relationship between BDS provision and market development. Partners may decide to spin off a separate service provider entity, or conclude that expanding into BDS is not their core capacity, and that services are better provided by niche specialists.

The following table offers a brief summary of the critical issues to consider for the MED Program from a BDS market development perspective.





Risks	Opportunities	Recommendations
<ul style="list-style-type: none"> <li>▪ Program focus on select NGO/MFIs as BDS providers is provider-centric, and may crowd out development of commercial BSPs.</li> <li>▪ BDS clients are a captured market (credit members). NGO/MFIs have an undue influence on decision making process of members, whereby demand and market share is controlled.</li> <li>▪ NGO/MFIs are challenged with a conflicted public vs. private mission. NGO is trying to deliver a commercial service through a non-commercial organization.</li> <li>▪ Training participants are pre-selected credit clients, making it difficult to measure demand. Service transactions between provider and consumer are subsidized, and cross-funding from donor sources is prevalent.</li> </ul>	<ul style="list-style-type: none"> <li>▪ NGO/MFIs use of credit client network to identify and nurture group formation and collective production at the grassroots level has proven effective.</li> <li>▪ Some NGO/MFIs are nearing commercial viability in microfinance operations.</li> <li>▪ A potential market to pay for BDS has been created through empowered producer associations.</li> <li>▪ Training products are available that NGO/MFIs or BDS providers may want to buy.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Discontinue exclusive partnering and direct institutional support to JOBS-assisted NGO/MFIs, and provide TOT and training products to any organization or BDS provider willing to pay full cost recovery for the service.</li> <li>▪ Develop the role of NGO/MFIs as information disseminators or brokers of BDS.</li> <li>▪ Assist NGO/MFIs in commercialization of microfinance operations, and conduct cost-benefit analyses of the impact of BDS delivery on loan portfolio.</li> </ul>

## MICRO POLICY / MARKETING LINKAGE PROGRAM

### Current Activities and JOBS Rationale

The focus of the Micro Policy/ Marketing Linkage Program is to create market linkages for MEs to facilitate growth and expansion of the sector. This is conducted through three primary objectives, consistent with JOBS “holistic development” model: 1) identification and formation of producer associations for sustainable market linkages; 2) increased access to institutional financing for continued growth and expansion; and 3) development of a networking form for continued technical assistance to MEs.



Activities for the Micro Policy / Marketing Program stem from the assumption that common production facilities or associations of producer groups are vital for MEs to overcome market access constraints and achieve economies of scale. The strategy of forming producer associations has differed somewhat from the MED Component, in that Micro-Policy association-formation has been realized outside the periphery of the large NGO/MFI.

### *Milk Vita*

Milk Vita is one example where JOBS has assisted in the identification and facilitation of producer associations as a vital link for rural development. Milk Vita is an enterprise of the Bangladesh Milk Producers' Cooperative Union, the largest milk producing and marketing cooperative in the country. Milk Vita is a quasi-governmental organization (50 percent government owned), and shares a network of 60,000 member farmers throughout the country. This relationship under cooperative rules bars the participation of private investors.

Within the Milk Vita cooperative, farmers are arranged into producer associations (currently numbering 500) that supply milk to the processing center twice daily. In exchange for milk, farmers enjoy a series of "embedded services" through their affiliation, such as:

1. Ensured regular procurement of their daily produced milk with a fair price in a guaranteed market (i.e. year-round guaranteed market)
2. Free medical care for all cattle of the association members with 24 hours emergency service
3. Free vaccination against common epidemic diseases
4. Free artificial insemination service with deep-frozen semen for upgrading local breed
5. Fodder extension consultancy services for high yield of raw milk
6. Arrangement of Bathan land (pasture grazing land) from the government on soft term for milk association's farmer cattle grazing
7. Distribution of primarily processed balanced concentrated cattle feed (crude form) on "no profit no loss" basis to the farmer-members
8. Arrangement of interest free loan to the farmer-members for the cattle purchase<sup>13</sup>

An incentive bonus structure is also included, where cooperative members receive compensatory price against their milk supply.

JOBS collaboration with Milk Vita is consistent with their approach in identifying top-end MEs, and assisting them to graduate into growth-oriented entities through affiliation in producer associations. In this arrangement, JOBS assists in the selection of training participants, who attend a 7 day course related to skills development, cow rearing, and management, in which participants learn basic principles of herd management, milk preservation, and marketing. Once the course is taken, participants have the opportunity to become affiliates of the cooperative society, and are offered interest free credit for the purchase of two cattle. To date participants have not been charged for training, with JOBS and Milk Vita sharing the costs at approximately 50%. During FY 2002, JOBS has targeted the formation of 60 associations in collaboration with Milk Vita.

---

<sup>13</sup> 2001 JOBS Milk Vita Summary Project Document



### *Modhupur Pineapple Association*

In addition to the expansion of producer associations within a cooperative, the Micro Policy / Marketing Component has facilitated access to commercial credit for MEs. JOBS has signed memorandums of understanding with 3 commercial banks to provide financing for individual MEs and small NGO/MFIs that are willing to work with producer associations.

Success of the loan facilitation activities is evident in the example of the Social Investment Bank Limited (SIBL), where JOBS successfully brokered a commercial loan to the Modhupur Pineapple Association. The Modhupur Association was organized in April 2001, and emerged from an individual who was selected for EDBM training from JOBS through Prosika. JOBS facilitated access to working capital through a loan with SIBL, while simultaneously meeting with other small growers to discuss the benefits of collective organization. Through loan facilitation assistance, JOBS promoted an inter-banking relationship in which a rural bank near the village disbursed SIBL's funds for a small management fee.

At the same time, JOBS facilitated skills training and market access with PRAN, a large agriculture processor in Dhaka, which led to the first contracts. Through the PRAN relationship, pineapples sold were bought at Tk. 5.3 as compared to Tk. 2.6 on the local market. The initial success had a multiplier effect, which resulted in the establishment of 12 additional producer associations within the network. The original association now brokers market linkages for all 12 member associations. For a 10% commission, the central association negotiates pricing, provides technical assistance in production, and facilitates transportation. Market links have been made in Chittagong, Sylhet, Dhaka, and Rajshahi, however the Association has yet to develop long term relationships with specific buyers. Price quotes are accessed through the telephone, and pineapples are sold at spot price offers.

The Association is managed by a 9 member executive committee, each specialized in a particular function such as marketing information, selling, price negotiation, input supply, ag-extension services, etc. The original core association consists of 21 independent farmers. There are two types of members. General members that share in profit, and special members that make capital investment in the association (up to Tk. 50,000). Funds will be used to procure seeds and purchase land in the name of the association.

The Modhupur Association currently has a total network of 261 members. Through JOBS assistance, each of the 13 associations have increased from 30 to 70 acres, resulting in a total acreage increase of 520. During the JOBS field assessment, a press conference was held celebrating the third loan to the Modhupur Association by SIBL in the amount of Tk. 1.45 million (\$US25,275). The additional funds will enable members to build upon existing operations, purchase additional land in the name of the association, and expand into additional crops such as banana. Members also expressed interest in moving into papaya, lemon, and garlic, and have indicated a willingness to pay for technical assistance. JOBS has left the Modhupur Association to operate independently, and provides limited technical assistance as needed. No relationships have been developed yet with large processing firms, however SIBL is considering financing the development of their own processing plant.

*Enterprise Development Forum of Chittagong (EDFC)*



As the JOBS model evolved in mid-2000, the Micro Policy and Marketing Unit started an initiative to develop local capacity for the continued assistance and access to training, credit, and marketing assistance beyond the lifespan of JOBS. The Enterprise Development Forum of Chittagong (EDFC) was established in September 2001 as a strategy to ensure continued growth and expansion of the ME sector. The network of member organizations provide microfinance and enterprise development services, as well as a variety of social welfare activities such as human rights and legal protection, environmental awareness and social forestry, reproductive health, child labor and welfare, STD and AIDS awareness, women trafficking, and disability prevention. EDFC members are comparatively smaller organizations than MED Program Stakeholders such as TMSS, however the JOBS approach for NGO/MFI collaboration is similar. Through the EDBM and EDT TOT program, JOBS develops the capacity of participating NGO/MFIs (referred to as PNGO/MFIs by JOBS) to deliver training at the grassroots level to member clients, as well as provide financial and marketing assistance.

In addition to building their capacities as BDS providers, NGO/MFI members have joined the Forum as a means of leveraging information and resources between member NGO/MFIs, as well as presenting a unified and powerful network to donors for additional funding. The EDFC Program brochure lists the Forum objectives as three-fold:

1. Build capacities of member organizations through training and management support
2. Facilitate access to resources, services and information, such as:
  - Funds from Donors/Banks/Government or Bilateral agencies
  - Public resources and services
  - Information regarding donor services and opportunities
3. Represent its members interests to the external world (i.e. in other forums/networks, government bodies, national and international development bodies).<sup>14</sup>

The outreach of the Forum is impressive. As of 5 March 2002, the EDFC network comprised of 5 donors, 47 NGO/MFIs, and 55 producer associations, representing a total outreach of 10,320 beneficiaries. This includes representation in 37 Districts of Chittagong, 5 Districts of Cox's Bazar, 3 Districts of Rangamati, and 2 Districts of Bandarban. Included in this number are the Chittagong Hill Tracts, a remote and impoverished area consisting of 13 indigenous tribes and mainland Bengali settlers. Through JOBS assistance, 85 trainers have been developed to date through the EDBM and EDT training of trainers program.

---

<sup>14</sup> EDFC Program Brochure, last updated April 10, 2002



### EDFC Focus Group Discussions

During the JOBS field visit, the assessment team had the opportunity to host 4 focus group discussions with NGO/MFI Forum members (PNGO/MFIs). Following is a brief overview of the more common responses:

#### *Why did you join the Forum?*

- “The Forum will provide the opportunity for me to exchange views, experience, and learn from other members how to increase and strengthen my microfinance operations.”
- “To increase capacity in marketing for beneficiary products.”
- “I am a small NGO/MFI. The Forum will allow me to expose my organization to government and donors.”
- “To build the capacity of my NGO/MFI, and provide business development services to my members.”

#### *Where do you receive funding for the operations of your NGO/MFI?*

- “10% member savings and 90% donor funds (CARE, PKSF, DFID)”
- “10% from member savings, 5% from private donations, and 85% from donors (Prosika, PRIP Trust)”
- “70% donor funds (USAID, DFID, World Food Program, ADB), and 30% from member savings.”
- “50% contribution from private sponsors, and 50% from credit member savings.”

#### *Why have you, as an NGO/MFI, decided to offer BDS to your members?*

- “My members are growing rapidly, and training is needed to help them manage their projects as well as increased credit.”
- “It’s a question of survival for my organization. I can invest more money in fewer enterprises with larger projects, and lower risk to my portfolio. The technical assistance must match the higher level of credit.”
- “Business services are essential to increasing the credit capacity of my members.”
- “Increased business skills of my clients are essential to increasing their credit capacity.”

#### *Do you charge fees for offering business services, and who provides the training?*

- “No charge, and training is delivered through our loan officers.”
- “We charge 15% for services. Training is provided by our human resource department.”
- “I charge 10% for the service, which is conducted by our credit officers.”
- “I do not charge for training, which is provided by myself (the NGO/MFI director) as well as government extension workers.”

#### *To whom is BDS offered?*

- The majority of respondents replied that training is offered exclusively to credit members before larger loans are disbursed. One member has recently allowed university students to sit-in on the training, providing them a chance to share experiences with members.

Current plans are for the Forum to increase interaction and presence among donors and development actors, while generating increased revenue earnings from services such as skills development training, facilitation of financing, marketing assistance, and implementation of government programs. JOBS will provide technical assistance and guidance to the Forum in these activities through the 3<sup>rd</sup> Quarter of FY 2002.

### Intervention Risks

Although the facilitation of producer associations outside the large umbrella of a large NGO/MFI has provided significant opportunities for economic growth, some intervention risks exist



regarding the capacity of actors to both recognize and exploit the limitations of growth within a given market.

Under the current arrangement, Milk Vita (in coordination with JOBS) assists in the selection of training participants. After having participated, farmers have the opportunity to affiliate with a producer society as part of Milk Vita's cooperative marketing network. Milk Vita has agreed to insure a guaranteed market for their milk production. The Milk Vita network of producer societies is growing, with 100 new cooperative farmers per year. During the JOBS field assessment, it was remarked by the General Manager that their processing plant has reached production capacity, and that Milk Vita will shortly have to limit production among farmers, as the network is expanding too rapidly. To overcome this constraint, Milk Vita is currently seeking donor funding for an additional production facility.

The combination of free training and embedded services, coupled with a guaranteed market has created unrealistic expectations and a non-commercial dependency orientation among farmers. Nowhere in the supply chain do farmers take responsibility for the market, or are forced to understand market dynamics. Milk Vita is faced with a confused mission where social welfare conflicts with commercial development. Cooperative farmers must realize "there is no such thing as a guaranteed market," as well as learn how to read market signals appropriately. Pushing the producer association concept without a production facility that can handle increased supply will shortly result in a glut of raw milk. This will lead to dangers for the Cooperative, whereby a surplus of raw milk may find its way into the market by other means, undercutting Milk Vita's product.

The driving force behind the EDFC is survival in an environment where donor funds are reducing. By leveraging resources through a common network, NGO/MFIs are better positioned to access grants and donations from donor agencies. The focus and reliance on the public sector is evident among the objectives in the Forum's Constitution:

- *To take grants, loans, technical expertise or any other help, needed for its smooth operation, functioning and development and for overall betterment of its beneficiaries, surroundings and environment, from local and international donor agencies, financial organizations, Banks, Governments or alike.*
- *To give donations and subscriptions to any charitable, benevolent, social, religious or cultural objects or organizations; and to support technical expertise to other Non Government Organizations to ensure the benefits of the beneficiaries and better of the society and environment.*<sup>15</sup>

While rationale, EDFC members are not optimal providers of BDS from a market development perspective. The mixed incentives and conflicted messages of public vs. private goods, and focus on "holistic development" leads to lack of focus in BDS provision. The village banking methodology in microfinance leads NGO/MFIs to be overly biased in client base, which limits coverage, outreach, and impact for BDS provision.

---

<sup>15</sup> Enterprise Development Forum of Chittagong, Memorandum and Articles of Association and Constitution, 2001.



By attempting to act like one of the large NGO/MFIs, the EDFC faces similar risks in the provision of BDS. BDS is provided on a subsidized basis to a pre-selected client base which ties credit to training, in which participating MEs are viewed more as welfare recipients than consumers of BDS. NGO/MFIs are primarily selling poverty alleviation or goodwill to the donors, rather than targeted solution-based services to MEs. Rather than a focus on consumer signals or market demand, NGO/MFIs are following what the donors will pay them to do. This crowds out the development of potential commercial providers.

### **Intervention Opportunities**

Milk Vita has made a profit, and currently produces milk, powder milk, butter, ghee, yogurt, flavored milk, and ice cream. The cooperative has fully utilized local resources, including production and transport mechanisms to maximize local employment creation. Through the embedded services provided to cooperative farmers, the understanding that specific services are needed (artificial insemination, cattle feed, etc.) has been instilled. As part of a strategy to commercialize the collection process with cooperative farmers, Milk Vita can explore areas where specific embedded services can be outsourced or commercialized, providing a more cost-effective delivery for such services. Additionally, large operations such as Milk Vita pose enormous opportunity for by-products that may provide additional revenue streams as well as stimulate development of complementary sub-sectors. Waste products from the dairy sector may be used to support other industries such as leather, fertilizer, food, and related by-products. An analysis on the efficacy and relevance of market linkages in support of by-products may present interesting opportunities for commercial development.

JOBS approach to the Modhupur Pineapple Association provides an interesting alternative to NGO/MFI facilitation. As facilitator, JOBS assistance in skills development, credit access, and the initial contact with new markets provided the commercial linkage that Modhupur was able to leverage for increased production. This led to a demonstration effect which resulted in the growth of an entire village production network. As the Association matured through self-organization, JOBS assistance was phased out, only to provide occasional monitoring and support. The producer associations within the Modhupur network now work together in common sourcing of inputs, negotiating purchase price, and access to market. However, constraints are still faced regarding the development of market linkages, as well as specific inputs and specialized training in order to expand.

The entire EDFC provides outreach to over 10,000 individuals, providing an excellent network into rural and difficult to reach areas. It has organized an institutional management structure, and has already established credibility in areas such as the tribal hill tracts which commands a particular understanding of cultural sensitivities. The linkage infrastructure already developed could serve as a viable channel for accessing market linkages and market information. Forum members also have the potential to develop fully sustainable microfinance activities in the region, if they remain focused on core capabilities. Finally, the outreach and client base of the EDFC network may serve other USAID social interests, such as healthcare, child nutrition, and community mobilization, and may provide efficiency in utilization of donor funds.



## Recommendations for Long-Term Strategy

Based upon this assessment, the following recommendations are offered for both a JOBS extension year as well as follow on strategy for USAID/Bangladesh:

1. *Leverage the EDFC to improve microfinance delivery and outreach. Building EDFC members as BDS providers is problematic.* – From a BDS market development perspective, the NGO/MFI members of the EDFC are not appropriate providers of business development services. Their orientation is towards the public sector, having already secured additional support through PKSF, CARE, ActionAID, and the ILO. However, the rural outreach into disadvantaged and poor areas is extensive, and the self-organized network and spirit of collaboration that has arisen should not be lost. The Forum may serve as an efficient and practical means of providing healthcare or social services to members. Rather than expand into BDS, Forum members should focus on commercializing microfinance activities so NGOs may become more efficient, more effective MFIs.
2. *Commercialize the Milk Vita operation with rural farmers* – A poor, rural-based individual will always be drawn to the opportunity of free training and subsidized credit, particularly if a market is guaranteed for his or her product. An infinite number of producer associations may be identified and organized under this understanding. Milk Vita is driven to continually increase the network and participation of farmers in the cooperative network as a social good, however has already reached production capacity in its milk processing operations. The “guaranteed market” understanding with member farmers has created false expectations, and is problematic. This requires that the supply-chain be commercialized with member farmers. It must be understood by cow farmers that in order to make money, the cooperative must be profitable. There is obviously a value in providing technical training for farmers, and they should charge for it. At the same time, Milk Vita requires assistance in product development as well as commercial financing to expand production. The Agro-based Industries & Technology Development Project – II (ATDP-II) provides assistance in the area of processing, distribution, and supply chain efficiency, and may serve as the appropriate entity to assist Milk Vita in how to operate in a competitive market environment.
3. *Facilitate development of private sector input suppliers and investigate opportunities for embedded services through input supply* – JOBS assistance with numerous producer associations and cooperative networks provides a unique opportunity to identify and extract a number of constraints affecting both efficiency and profitability of production. These constraints translate into specific opportunities for BDS provision. A long term strategy would be to identify these constraints, assess which business services are more appropriate, and provide the necessary intervention to facilitate market development (perhaps through tender-based selection). For example, Milk Vita is providing a variety of value-added services free of charge to member farmers. Although these services are embedded in the supply-chain, they present a strain on Milk Vita, and perhaps may be provided at higher quality and cheaper prices through an outsource arrangement. Examples include higher quality veterinary care as well as cattle feed production.





Similarly, the Modhupur Pineapple Association expressed the need for technical assistance related to planting and crop husbandry. An intervention that facilitated improved quality of product from input suppliers, as well as embedded arrangements where input suppliers could offer free training to growers in exchange for seed purchase could be explored.

4. *Facilitate development of commercial market brokers as a BDS* - Commercialization of the market broker role could also be facilitated as a BDS, in which producer associations such as Modhupur avoid the restrictions and fluctuations of spot market sales. An effective broker operates like a private sector business, by pricing product according to demand, and providing value-added sector specific services in quality control, market research, input supply, and technology transfer. Costs for such services may be embedded in product markup.<sup>16</sup>
5. *Assist producer groups to understand the cost benefits of forward contracts vs. spot market sales (inclusive of embedded services over the long term.)* – An immediate opportunity exists for JOBS to provide marketing assistance to the Modhupur Pineapple Association in how to access market information and establish strategic commercial relationships with buyers. Buyer relationships that facilitate embedded services to the Association related to technical training, skills development, and product transportation should be explored.

Following is a summary of the risks, opportunities, and recommendations stemming from the Micro Policy and Marketing Linkage Program.

---

<sup>16</sup> McVay, Mary. "Microenterprise Marketing: Trends, Lessons Learned, and Challenges." A study by the SEEP Network, funded by CARE International. Washington, D.C. September 1999.



Risks	Opportunities	Recommendations
<ul style="list-style-type: none"> <li>▪ Significant push behind EDFC is to capture donor funding for survival and increase revenue. Creates an extra layer of non wealth-creating organizations that are non-commercial.</li> <li>▪ EDFC multiple donor sourcing for existing activities currently exists. Current design assumes continued free access of support services for MEs.</li> <li>▪ False expectations related to entitlement (lead firm must buy what they produce) within Milk Vita has created a non-commercial dependency orientation among farmers.</li> <li>▪ “Pushing” producer association concept without a growing end market will result in saturation and supply surplus. (ex. Milk Vita has already reached production capacity amidst increasing creation of producer associations.)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Facilitation between bankers and SMEs has resulted in commercial banks (SIBL) having initiated financing to producer associations.</li> <li>▪ EDFC network is an excellent resource for accessing rural, disadvantaged poor. Potential to develop fully sustainable microfinance activities in the region.</li> <li>▪ There is a potential for large market demand of milk in Bangladesh, as well as production opportunity. Additional opportunity for export and product diversification.</li> <li>▪ Development potential of input supply for other industry (i.e. leather, fertilizer). could provide additional revenue streams for Milk Vita.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Leverage the EDFC to improve microfinance delivery and outreach. Building EDFC members as BDS providers is problematic.</li> <li>▪ Commercialize the Milk Vita operation with rural farmers.</li> <li>▪ Facilitate development of private sector input suppliers and investigate opportunities for embedded services through input supply.</li> <li>▪ Facilitate development of commercial market brokers as a BDS.</li> <li>▪ Assist producer groups to understand the cost benefits of forward contracts vs. spot market sales (inclusive of embedded services over the long term).</li> </ul>

## SMALL AND MEDIUM ENTERPRISE DEVELOPMENT (SME) COMPONENT

### Current Activities and JOBS Rationale

The SME team works within economic sub-sectors of high growth potential, and provides targeted interventions to select clients in the form of technology transfer and direct technical assistance. The SME component previously targeted select firms in the footwear, home and clothing textiles, electrical, leather goods, and handicrafts sectors. Based upon success in export development with footwear and home and clothing textiles, JOBS will concentrate Year 5 activities in these sectors.



JOBS works with select lead firms in each of these sectors to increase the level of skilled manpower, facilitate backward linkages with producer groups (referred to as clusters by JOBS), and develop international markets for export. In the footwear subsector, JOBS is working with ten enterprises in developing their capacity as lead firms, while simultaneously facilitating cluster development in rural areas with four small NGOs.

To build the skills and technical capacity of cluster members, JOBS facilitates training from international experts based in Europe, Asia, and the U.S. Assistance is provided to help shoe firms in quality control, production efficiency, product development, and trial order testing. For specific market entry, design specialists are identified from the given country to provide technical information on quality standards and production techniques, as well as market information on trends and styles. The Footwear Design and Development Institute (FDDI), a government funded institute in India, has provided high level technical training on pattern making, grading, and quality control in coordination with lead firm supervisors. In addition to technical skills development, JOBS facilitates forward and backward linkages between small, rural clusters and large footwear firms. Referred to as clusters by JOBS, these groupings of workers produce for a particular lead firm in an outsourcing-type arrangement. However, these clusters are also able to collaborate with other manufacturers for particularly large orders, as well as sell directly in the local market. The ability to source multiple buyers and access several markets provides steady revenue streams and enhanced financial security among

#### **Legacy Footwear – An Example of Inter-Firm Cooperation**

During the JOBS Assessment, a site visit was made to the Legacy Footwear manufacturing plant, where consultants had the opportunity to meet with Ahmad Quazi Rafi, Director of the firm. Legacy Footwear was started in 2001, and currently employs 250 full time staff. As a lead firm, JOBS has assisted Legacy with outsourcing and building linkages with the Gazipur Cluster for larger orders.

JOBS has also assisted Legacy in the attendance at international trade fairs. Last year Legacy Footwear exported 150,000 pairs of shoes to France and Japan, and the firm presently operates at 50% of their production capacity. Mr. Quazi's greatest constraint is market access, and plans to increase participation in international trade fairs over the coming year. His target is the U.S. market, which is the most dynamic yet most difficult to penetrate. In his opinion, the Government of Bangladesh has done little to promote the leather and footwear industry abroad.

The primary competitors for Bangladeshi footwear are Vietnam and China, however Bangladesh has duty free access in the Japanese Market, and last year was the second largest exporter of shoes to Japan. Both China and Vietnam also must import their leather, whereas Bangladesh benefits from high quality raw material, providing a competitive advantage in both price and time. According to Mr. Quazi, several inputs must be imported from China, such as packaging, zippers, ornaments, buckles, and heels. Shoe lasts (plastic molding to set the leather) that are imported from both China and India offers the most dramatic competitive disadvantage, and can slow down production for a new style up to one month. Other needs include design technology, as well as proper component manufacturing technology, such as those to produce injected outer soles.

The Legacy manufacturing plant is located next door to the Landmark Footwear company, which targets similar markets in Italy, France, and Japan. Mr. Quazi remarked that although they are competitors, a good working relationship has been established between the leading footwear companies in Bangladesh, where they often subcontract with one another to fulfill large orders, as well as share resources, such as investing in one individual to represent the industry at more expensive international trade fairs.



Clusters. For example, Apex Footwear provides equipment, raw material, and training for the Mirpur Cluster which produces leather shoes on order. During lags in production, the Mirpur Cluster is free to be subcontracted by other lead firms as well as sell to the local market, providing ongoing employment for the workers.

As stated in the text box, JOBS assists lead firms with market information as well as participation in international trade fairs. By participating in trade fairs, the importance of being able to respond to a discerning client as well as meet consumer preferences is reinforced. The Project has targeted three international trade fairs for Year 5. As of January 2002, JOBS has also acquired a one-year membership with a Japanese Design House, which will provide sample designs and technical consultancy through electronic media, as well as provide monthly insight on new trends and market forecasts. Partner firms have access to the internet site via a member password.

JOBS is also facilitating clusters in the home and clothing textile sector, assisting lead firms identify backwards linkages to meet shortages in labor supply. Tanti Samity is a producer association that was facilitated through JOBS assistance. Previously, village members each produced within their own household, and sourced expensive raw material on an individual basis. In coordination with the village headman, JOBS helped organize the individual weavers to purchase the raw material as a group, as well as consolidate the looms and weaving activity under one roof to ensure quality control and avoid division among product. With JOBS assistance and the headman serving as market broker, Tanti Samity now employs 18 males and 20 females to produce curtains, ladies garments, and the jamdani fabric. Backwards linkages have been formed with Folk Bangladesh and the Jamdani House, both large textile firms that export the high value jamdani fabric to India, Europe, and the U.S. The producer association is also providing the jamdani fabric to the leather industry for production of high-value purses and other accessories. The cluster association now has 8-9 multiple buyers, and has acquired embedded services through the partnerships. For example, Folk Bangladesh provides business and skills training, transportation, as well as equipment to the association. A no interest loan is provided to purchase other inputs such as raw material, which is detracted from the buyer purchase price.

### **Intervention Risks**

As backwards linkages are established between lead firms and clusters through JOBS, a number of risks may emerge. Unless proper market research is conducted to determine growth potential, subsector work can have marginal sustainability and impact. Subsector approach must be supported by a growing market for product. The footwear subsector currently enjoys duty-free access in the Japanese market over China and Vietnam. Subsectors must exploit this opportunity, however simultaneously diversify and avoid over dependency on this temporal advantage. Backwards linkages may also create price-dependency relationships with lead firms, however the shoe industry has sustained a remarkable level of inter-firm cooperation.

Large sector-based firms also require high-value technical experts in shoe design and production, which is typically best accessed from the target country. JOBS has provided initial direct assistance to lead firms in this regard, which has led to follow-on direct sourcing for expertise



post JOBS-assistance. A challenge for BDS market development is the sourcing of such individuals, while also facilitating the creation of local support services which provides for longer term impact and sustainability. Additionally, unless other business services are facilitated (i.e. human resources, strategic management, forward marketing, etc.), there will be limitations on the growth and competitiveness of the industry.

## **Intervention Opportunities**

JOBS interventions under the SME Component are the most commercially-oriented activities, and provide specific responses to identified market constraints. The JOBS approach follows an interesting model which has potential for replication, which adheres to the following steps:

- 1) Identify subsector with opportunity for export and high growth potential.
- 2) Identify lead firms working in given sector, and conduct analyses on supply chain constraints to production and export.
- 3) Facilitate formation of cluster, and build backwards linkages from lead firm.
- 4) Facilitate technical skills development for cluster. Provide technology transfer for lead firm based upon identified constraints, as well as market access.
- 5) Provide hand-holding as needed as part of a gradual exit strategy.

The role of JOBS as facilitator in the supply chain is responsive to the market development approach. Within this model, several opportunities exist from a facilitation perspective that are supportive of overall BDS market development. As forward and backward linkages are developed between clusters and lead firm, a variety of commercially-based embedded services have arisen. Some of the services, such as credit and equipment procurement are easily provided by the lead firm. Other services such as strategic management, production efficiency, quality control, and specific skills in technical production are provided by highly specialized technical experts from abroad. However, a local resource base is gradually emerging through the sourcing of such consultants, who are partnered with local professionals in conducting the technical assignments. Asif Ahmed, Team Leader of the SME Component, has noticed a growing number of requests among firms for local design specialists. Both lack of information flows and knowledge of skills available locally poses a significant constraint on demand. According to Mr. Ahmed, a registry of certified local consultants categorized by skills base would assist in bridging the gap between supply and demand. Consultants who meet specific quality guidelines, and adhere to a code of conduct could be registered by an industry association, government export promotion bureau, or Chamber of Commerce. It would provide easy access to targeted technical consultants who are reliable and can be sourced locally on a commercial basis.<sup>17</sup>

The approach lead firms have taken with their respective clusters also presents an opportunity for broader economic growth. Rather than require the cluster beholden to a particular buyer such as the NGO/MFI model, lead firms have allowed and encouraged outsourcing within the industry. Multiple sales outlets for ME products breaks the dependency and monopolistic relationship often seen in business linkage arrangements, and is critical to giving MEs opportunities to move up the value chain and adjust to changing demand.

---

<sup>17</sup> Ahmed, Asif U. "The Role of Consultants in SME Development: A Dilemma for Developing Countries," *JOBS Newsletter*, 1:8 Aug-Sept. JOBS: Dhaka, Bangladesh, 2001. page 3.



As the footwear industry increases production volume for the international market, investment opportunities exist to expand related input industries. This will result in lower transaction costs, greater market access, and overall increased competitiveness. In response to the identified constraints of the footwear manufacturers, support industries for input supply can be explored in zippers, shoe lasts, packaging, buckles, and ornaments. The potential for scale, impact, and outreach is greater because commercial incentives are aligned through a supply chain based upon real market opportunity. As the footwear industry matures within the export market, a cluster in the Michael Porter sense will emerge, where critical masses of firms and related industries are linked through buyer-supplier relationships.

The international markets established by the footwear industry also provide opportunities for the development of additional subsectors. For example, as the leather subsector grows to meet demand in the footwear industry, linkages may be leveraged with new markets for mixed material in high end goods such as leather handbags and wallets. Immediate opportunities exist with silk, jute, and the jamdani fabric.

### **Recommendations for Long Term Strategy**

The following recommendations can be made based upon the results of SME Component activities:

- 1) *Facilitate improved and greater use of embedded services* - Expand and deepen activities in high impact subsectors such as footwear, by assessing what support services are available or needed, building new links to micro-producers, and assisting in new product development.
- 2) *Investigate and facilitate development of local service providers* – The most effective BDS providers are highly specialized entities that enable firms to more fully exploit a market opportunity. As lead firms are introduced into the international market and backwards linkages are facilitated with clusters, the supply and demand of secondary and tertiary services will play an even more important role in achieving competitiveness. As JOBS enters the final year of implementation, direct assistance to SMEs must include capacity-building of local service providers at all levels, as well as identification of specific constraints faced by firms that can be used to better align supply with demand. Mentoring, or the partnering of an expatriate consultant with a local service provider, should be practiced whenever possible. A registry of industry-specific consultants may be created for a particular sub-sector, which can be housed within the relevant industry business association.
- 3) *Leverage sector growth for stimulation of input-related industries up and down the supply chain* - It was cited that the footwear sector must import inputs such as shoe lasts, ornaments, and zippers from neighboring countries, placing them at a competitive disadvantage. The opportunity exists of developing new businesses or support industries within Bangladesh. The footwear sector must assess projected growth, as well as conduct



a cost-benefit analysis on future investment in additional support industries. This activity directly relates to strategic planning on industry competitiveness (see point 6).

- 4) *Facilitate links with complementary subsectors* – Materials such as jute and jamdani can be introduced for high-value specialty products, providing a multiplier effect on income and wealth creation opportunities.
- 5) *Assess mechanisms and opportunity for improved information flows within industry and among producer associations* - As lead firms and small producers increasingly realize the benefits of cluster-based activity, JOBS can assist in advancing demand and awareness within the sector. Rather than channeling information to donors and public sector organizations, efforts should focus on developing awareness among the private sector, including both lead firms as well as small, rural microenterprise. Market information will increase productivity and efficiency, while information on success within the footwear as well as textile industry will have a demonstrator and multiplier effect within the sectors, as seen with the Modhupur Pineapple Association.

A public relations and information dissemination campaign may similarly be used to develop brokerage systems and link firms to product markets. FIT Uganda has proven that newspapers and radio shows can be used to facilitate business investment and market information flows on a profitable basis. The upcoming DFID Project will explore the applications of a FIT Uganda model for BDS market development in Bangladesh. However, USAID may leverage their current network of providers and lead firms to pursue sector specific opportunities immediately.

- 6) *Identify sector-specific factors of competitiveness and perceived constraints within the industry* – Emerging clusters such as the footwear industry have been operating without a larger view of the varying factors of competitive success. As JOBS-assisted industries mature, the timing is appropriate for USAID to complement activities with a related competitiveness strategy for expanded growth and wealth creation.

Following is a summary of the risks, opportunities, and recommendations stemming from the SME Program.



Risks	Opportunities	Recommendations
<ul style="list-style-type: none"> <li>▪ Unless proper market research is conducted to determine growth potential, subsector work can have marginal sustainability and impact. Subsector approach must be supported by a growing market for product.</li> <li>▪ Avoid over dependency within subsectors on temporal competitive advantages (i.e. Japan gives favorable policy to Bangladesh on tariffs for imports.).</li> <li>▪ Failure to work at creating local support services at the start limits longer term impact and sustainability (i.e. directly facilitating market linkages vs. developing local capacity and mentoring).</li> </ul>	<ul style="list-style-type: none"> <li>▪ Can build from shoe export links new markets for mixed material goods (bags, shoes, housewares, etc.) especially in complementary subsectors such as jute, silk, and high-end textiles (jamdani)</li> <li>▪ Strengthen commercial BDS through a mixture of embedded and fee for service arrangements.</li> <li>▪ Potential for scale, impact, outreach, and sustainability is greater because commercial incentives are aligned through the supply chain.</li> <li>▪ Multiple sales outlets for ME products is critical to giving MEs opportunities to move up the value chain and adjust to changing demand.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Facilitate improved and greater use of embedded services.</li> <li>▪ Investigate and facilitate development of local service providers.</li> <li>▪ Leverage sector growth for stimulation of input-related industries up and down the supply chain</li> <li>▪ Facilitate links with complementary subsectors</li> <li>▪ Assess mechanisms and opportunity for improved information flows within industry and among clusters</li> <li>▪ Identify sector-specific factors of competitiveness and perceived constraints within the industry.</li> </ul>

## CONCLUSIONS

### JOBS and the Application of BDS Market Development Principles

Donor contractors are frequently held to the achievement of ambitious number-based results and targets, which frequently overlook more strategic considerations such as market development or the long-term socioeconomic impact on the client. The NGO/MFI network is powerful in Bangladesh, and provides immediate access to significant numbers of poor, rural microentrepreneurs. However, by building the capacity of a select number of NGO/MFIs as BDS providers, JOBS is adding to the distortion, and crowding out opportunities for commercial development. For effective BDS market development, a combination of demand and supply-side interventions must be applied to facilitate *commercial transactions* between provider and consumer. The overloaded institutional structures of the NGO/MFIs, coupled with their generalized, social orientation in service provision, conflict with the essential tenets of BDS market development.

Nevertheless, JOBS has proven that through a focus on subsectors and product markets of growth potential, supply chains may be realized that both “mainstream” poor microentrepreneurs as well as provide the commercial provision of BDS through embedded service arrangements. Backwards linkages with producer groups based upon a growing commercial market opportunity present win-win relationships that are focused on the bottom line. JOBS must capture the





success of this approach, and leverage sector-based growth for the stimulation of additional support services as well as overall competitiveness of the industry.

In short, the following lessons learned may be drawn from this assessment:

1. *Sustainable BDS providers are targeted and base services upon existing demand* – A BDS provider must possess the necessary skills and incentives to operate in a business-like manner. The cost base and service portfolio of NGO/MFIs is overloaded, and their social mandate defines BDS as a blanket social good. A commercially-minded business, whether micro or large, will pay for BDS if it can assist in overcoming a specific market constraint and positively affect the bottom line.
2. *Interventions must be based upon existing market opportunities* - The lure of subsidized credit, training, and marketing assistance will always be attractive to a poor microentrepreneur, and producer associations may be rapidly organized around such opportunities. However such structures survive in an artificially sustained environment of donor support, which leads to parallel markets, false expectations, and ultimately limits the possibility for genuine wealth creation. Business linkages are only as useful as the absorptive capacity and growth potential of the end market in which they are based.
3. *Producer associations must be linked with multiple buyers and markets*- A producer association beholden to one buyer, broker, or market will face limited growth and organizational dependency. Whether through a commercial market broker or direct linkages with lead firms, producer associations must be linked with multiple buyers and markets for sustained economic growth.
4. *Embedded services are a viable delivery mechanism for BDS* – Business development services are best provided through private sector incentives, where a specific skill or business service is seen as having direct value or benefit against a market constraint. Embedded services provide a means of building the skills of rural microentrepreneurs on commercial terms.
5. *Donor coordination is essential, particularly in distorted environments* – Bangladesh presents a difficult environment for BDS market development, and a challenging context for practitioners. Unless careful coordination is practiced, both providers and consumers of BDS will be met with mixed signals from donors that are both confusing and ultimately distortionary.



## Annex A

### Individuals Contacted During Field Assessment

Name of Firm/Organization	Name of Individual	Telephone	E-mail
1. actionaid	Dhihab Ahamad Regional Coordinator	88-031-670606	shihab@globalctg.net
2. Agro-based Industries & Technology Development Project – Phase II (ATDP II)	James Dawson Chief of Party	880-2-988-2009 988-4431	jdawson@atdp.net
3. ANNESHA	Md. Abul Quasem Chief Executive	656859	
4. Apex Leathercraft & Fashion Accessories Co.	Shakil Ahmed Khan President	880-2-882- 8257/9883926	alcl@citechco.net saabera@accesstel.net
5. Banaful Social Welfare Organization	Razia Begum Executive Director	652-822 017362037	banaful@abnetbd.com
6. Bangladesh Institute of Development Studies (BIDS)	AHM. Mustain Billah PhD Environmental & Resource Economist	812-6204	mbillah@bttb.net.bd mbillah@sdnbd.org
7. Bangladesh Milk Producers' Cooperative Union Limited	Anwarul Haque Additional General Manager, Technical	881-3614	milkvita@bangla.net
8. Business Advisory Services Center (BASC)	Lutful Kabir Executive Director	811-0693 811-0694	orkabir@bdcom.com
9. Business Advisory Services Center (BASC)	Munzure Aziz Business Development Manager	811-0694 811-2467	basc@bangla.net
10. BURO, Tangail	MD. Sirajul Islam Programme Director	880-2-8115815 9125492	burot@bdmail.net
11. BURO, Tangail	M. Mosharrof Hossain Finance Director	880-2-8115815 9125492	burot@bdmail.net
12. Business Development Services Programme, Swisscontact	Deepak P. Adhikary Programme Director	880-02-8829555	swisscontact@bol-online.com
13. Center for Rural Child Development (CRCDD)	Quazi Iqbal Bahar Sabery Executive Director	656-552-148 017-353-431	crcd@usa.net
14. Concerned Women for Family Development (CWFD)	Mariam Kaniz Officer, Sponsorship & Skill Training	018-385-499	cwfdctg@spnetctg.com
15. Department for International Development (DFID)	Frank Matsaert Enterprise Development Adviser	88-22705-9	f-matsaert@dfid.gov.uk



Name of Firm/Organization	Name of Individual	Telephone	E-mail
16. Human Resource Development Society (HRDS)	S.M. Zahedul Alam Director	671379	hrds@spctnet.com
17. Integrated Development Foundation (IDF)	Prof. ShahidulAmin Chowdury Project Coordinator	880-31-671248	ctgidf@abnetbd.com
18. JOBS	Reid Lohr Project Director	882-9037 882-6154 988-5141	reid@jobsiris.dhaka-bd.net
19. JOBS	Imran Shauket Deputy Project Director	882-9037 882-6154 988-5141	imran@jobsiris.dhaka-bd.net
20. JOBS	M A Quddus Team Leader, Project Training	882-9037 882-6154 988-5141	info@jobsiris.dhaka-bd.net
21. JOBS	Asif Ahmed Team Leader, SME Program	882-9037 882-6154 988-5141	info@jobsiris.dhaka-bd.net
22. JOBS	AHM Zaman Khan Team Leader, MED Program	882-9037 882-6154 988-5141	info@jobsiris.dhaka-bd.net
23. JOBS	Altaf Hossain Team Leader, MicroPolicy & Market Linkage Program	882-9037 882-6154 988-5141	info@jobsiris.dhaka-bd.net
24. JOBS	Arif Ahmed Marketing Specialist	882-9037 882-6154 988-5141	info@jobsiris.dhaka-bd.net
25. Legacy Footwear Ltd.	Quazi Rafi Ahmad Director	880-2-404-384	Aziz_lfl@bangla.net
26. Organization of Art for Children (OACH)	Noor-E-Akbar Chowdhury Executive Director	614953	oach@click-online.net
27. MAMATA	Md. Shahajahan Project Manager, Savings & Credit	011-738-754	mamscp@spctnet.com
28. PRATTAYA	Zafar Alam Executive Director		
29. RMM International	Mohiuddin Ahamed Mahin Managing Director	880-2-93345270 934-5963-4	rmm@bangla.net
30. SAS	Lalit Chandra Chakma Executive Director		
31. Social Investment Bank Ltd. (SIBL)	A.T.M. Najmul Husain Executive Vice President	9559241	sibl@bdonline.com
32. Social Investment Bank Ltd. (SIBL)	M. Shah Alam Senior Vice President	9562267	sibl@bdonline.com



Name of Firm/Organization	Name of Individual	Telephone	E-mail
33. Social Investment Bank Ltd. (SIBL)	M. Nazrul Islam Deputy Managing Director	9550550	sibl@bdonline.com
34. Society for Social Service (SSS)	Abdul Hamid Bhuiyan Executive Director	0921-53195	sss@bol-online.com
35. Society for Social Service (SSS)	Kimal Kanti Kuri Assistant Director	88-0921-53195	sss@bol-online.com
36. Thengamara Mohila Sabuj Sangha (TMSS)	Prof. Hosne-ara Begum Executive Director	880-51-73563	tmss@bttb.net.bd
37. Thengamara Mohila Sabuj Sangha (TMSS)	Ms. Shahzadi Begum Deputy Director	880-51-73563	tmss@bttb.net.bd
38. USAID/Bangladesh	Allen Fleming Enterprise Development Officer	880-2-882-4700	allen@usaid.gov
39. USAID/Bangladesh	Caryle Cammisa Project Development Officer	880-2-882-4700	ccammisa@usaid.gov
40. USAID/Bangladesh	Charles Uphaus Director, Office of Economic Growth, Food & Environment	880-2-882-4700	cuphaus@usaid.gov
41. USAID/Bangladesh	Dewan A H Alamgir Development Program Specialist	880-2-882-4700	dhaider@usaid.gov
42. Young Power in Social Action (YPSA)	Md. Arifur Rahman Chief Executive	017-825-068 018-321-432	ypsa@spctnet.com



## Annex B

### Key References

Ahmed, Asif U. “Systematic Planning for Export Marketing: A Must for Bangladesh’s SMEs.” Dhaka, Bangladesh, 2002.

Ahmed, Asif U. “The Role of Consultants in SME Development: A Dilemma for Developing Countries,” *JOBS Newsletter*, 1:8 Aug-Sept. JOBS: Dhaka, Bangladesh, 2001.

Asian Development Bank. “Country Economic Review.” Bangladesh, December 2000.

Chemonics International Inc. “Bangladesh Enterprise Development Assessment Report.” Volumes 1 and 2, submitted to USAID, Dhaka, Bangladesh, December 2001.

Committee of Donor Agencies for Small Enterprise Development, Business Development Services for Small Enterprises: Guiding Principles for Donor Intervention, 2001 edition, Washington, February 2001.

Field, Michael, Rob Hitchins, and Marshall Bear. “Designing BDS Interventions as if Markets Matter.” United States Agency for International Development Microenterprise Best Practices Project, managed by Development Alternatives, Inc. (DAI). Bethesda, MD, 2000.

Gibson, Alan, et al. “BDS Market Development: A Guide for Agencies on the Emerging Market Development Approach to Business Development Services.” United States Agency for International Development Microenterprise Best Practices Project, managed by Development Alternatives, Inc. (DAI). Bethesda, MD, For the BDS 2000 Training Programme, Glasgow, Scotland (UK), The Springfield Centre Centre for Business in Development, UK., June 2001.

JOBS/IRIS, JOB Opportunities and Business Support Project (JOBS), Work/Business Plan Year 5, FY 2002.

Lai, Chung. “JOBS’ Integrated Approach.” Prepared for JOBS/IRIS, January 2002.

Lusby, Frank. “Subsector Approach to Enterprise Development,” Action for Enterprise, August 1999.

Lohr, Reid. “How BDS Services Help Micro Enterprise Development.” prepared for JOBS/IRIS, March 31, 2002.

McVay, Mary. “Microenterprise Marketing: Trends, Lessons Learned, and Challenges.” A study by the SEEP Network, funded by CARE International. Washington, D.C. September 1999.

World Development Indicators, “World Development Indicators Database, April 2002.

